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SUBJECT: A/S HILL-VFM ZHANG BILATERAL MEETING, OCTOBER 31,
2007

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Classified By: DCM Dan Piccuta. Reasons 1.4 (b/d).

Summary

11. (C) In an October 31 meeting with EAP Assistant Secretary Christopher R. Hill and the Ambassador, Vice Foreign Minister Zhang Yesui urged the United States to be cautious on the Taiwan issue during this sensitive period, expressed opposition to "protectionist" U.S. Congressional resolutions and called for the United States to begin issuing visas at the approved Consulate General in Wuhan as soon as possible. China hopes the United States will give positive consideration to China's request to open consulates in Atlanta and Boston, VFM Zhang said. A/S Hill expressed hope there would be "major progress" on the Six-Party Talks before President Bush's visit in summer 2008 and said the United States hopes to see a Six-Party Ministerial meeting in Beijing in December. A/S Hill passed to Zhang a letter from President Bush to President Hu Jintao. A/S Hill and VFM Zhang exchanged views on the Pacific Islands Forum that both attended in Tonga October 16-17. End Summary.

U.S. Hopes for Six-Party Ministerial, Major Progress

12. (C) Meeting with Vice Foreign Minister Zhang Yesui on October 31, Assistant Secretary Christopher R. Hill, accompanied by the Ambassador, passed VFM Zhang a letter from President Bush to President Hu Jintao encouraging U.S.-China cooperation in the years ahead. A/S Hill said he is in Beijing to hold consultations on the Six-Party process with the goal of discussing scope and timing for a ministerial meeting. A/S Hill added that he hopes to make a great deal of progress on Six-Party Talks issues before the end of the year, by which time he hopes all sides would be "very close" to a final agreement whereby North Korea would abandon its nuclear programs. The Six-Party talks are a strong element in the relationship. A/S Hill said he hopes that by the time President Bush visits China in summer 2008 there will be "major progress" and we will be able to say that we have denuclearized the Korean Peninsula.

A Busy Season in Bilateral Relations

13. (C) VFM Zhang thanked A/S Hill for the letter from President Bush and promised to pass it to President Hu immediately. The bilateral relationship is at a critical moment, and there is a lot to do, Zhang said, reciting a list of upcoming bilateral events. The third Strategic Economic Dialogue (SED) will be held in December, preceded by the 18th Joint Committee on Commerce and Trade and followed by the fifth round of Strategic Dialogue in January. China also looks forward to the visits of Defense Secretary Gates (November 4-6) and, if arrangements for a Six-Party Ministerial can be worked out for December, of Secretary Rice.

Taiwan

14. (C) VFM Zhang remarked that the two sides need to work out differences on some issues. Taiwan is an area of concern, he said. China hopes that "at this sensitive time," the United States will not hold official exchanges with Taiwan or announce any more sales of advanced weapons, which would send a "seriously wrong signal" to (Taiwan President) Chen Shui-bian, Zhang said.

Protectionist Congressional Resolutions Opposed

15. (C) VFM Zhang expressed concern about what he called protectionist aspects of U.S. Congressional resolutions, which appear to be an effort to politicize trade issues. Since the beginning of the year there have been over 50 Congressional resolutions targeted at China, he said, and "many of them have the tone of protectionism." In particular, the Baucus resolution dealing with anti-dumping and anti-subsidies entails punitive measures. If such penalties are imposed on China, it will damage bilateral

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business ties, VFM Zhang warned. China has taken note of U.S. Government efforts to oppose such measures and asks the USG to continue to work with Congress to ensure that such protectionist resolutions do not pass.

Wuhan Approved, China Wants Atlanta, Boston

16. (C) Zhang informed A/S Hill of the approval for the opening of the U.S. Consulate General in Wuhan. The new consular district, which will include Hubei, Hunan, Henan and Jiangxi Provinces, are in central China and have growing economies and increasing links to the United States. China hopes that CG Wuhan will be able to issue visas as soon as possible. China also hopes the United States will give positive consideration to China's request to open consulates in Atlanta and Boston.

17. (C) The United States is pleased with the approval to move ahead with opening the Consulate in Wuhan, A/S Hill remarked. The first order of business will be to open the Consulate General, assign staff, begin working on business outreach and then "take it from there." He noted the bilateral relationship is growing on all fronts and mentioned the arrival of baseball legend Cal Ripken, Jr., who is currently conducting baseball clinics around China.

Pacific Islands Issues

18. (C) A/S Hill and VFM Zhang exchanged views on the Pacific Islands Forum that both attended in Tonga October 16-17. Both noted the level of Chinese investment there and the destruction wrought by recent anti-government groups that left much of the downtown area in burned ruins. VFM Zhang said that China had approved a request from Tonga for concessionary loans to rebuild the central business district. On issues like the Pacific Islands States, A/S Hill said,

the United States and China should coordinate particularly on economic assistance and disaster relief. "Working together, the United States and China can move mountains," Hill remarked.
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